STATE OF CALIFORNIA BUSINESS, TRANSPORTATION AND HOUSING AGENCY DEPARTMENT OF CORPORATIONS

TO: CHARLIE HINDS
HINDSCO, INC.
HINDSCO, INC. DBA CASH NOW SANTA ROSA
1420 Guerneville Road
Santa Rosa, California 95403

DESIST AND REFRAIN ORDER (For violations of California Financial Code section 23005)

The California Corporations Commissioner finds that:

- 1. Charlie Hinds is, and was at all relevant times herein, an individual doing business as Hindsco, Inc. dba Cash Now Santa Rosa. Charlie Hinds, Hindsco, Inc., and Hindsco Inc. dba Cash Now Santa Rosa (all hereinafter referred to as "Hindsco") have a place of business located at 1420 Guerneville Road, Santa Rosa, California 95403.
- 2. The California Corporations Commissioner ("Commissioner") of the Department of Corporations ("Department") has not issued a license to either Charlie Hinds, in his individual name, or doing business as Hindsco, as an entity, to engage in the business of deferred deposit transactions under the California Deferred Deposit Transaction Law ("CDDTL") (California Financial Code §§ 23000 et seq.).
- 3. Hindsco has engaged in the business of deferred deposit transactions by offering, originating and making deferred deposit transactions as described below.
- 4. A deferred deposit transaction is a written transaction whereby one person gives funds to another person upon receipt of a personal check and it is agreed that the personal check shall not be deposited until a later date. These loans are sometimes referred to as "payday loans."
- 5. Hindsco is not exempt from the licensing requirements of California Financial Code section 23005.
- 6. Hindsco was definitely aware that a CDDTL license was required to lawfully engage in the business of deferred deposit transactions as Hindsco had received a notice about it.

On or about February 8, 2005, the Commissioner wrote to Hindsco informing it that licensure was required to engage in CDDTL transactions. Hindsco responded to the Commissioner's February 8th letter by a letter dated February 14, 2005, but not received by the Department until February 24, 2005, that Hindsco was in the process of filing an application for a license. Over three months elapsed before the Department received the June 8, 2005 application from Hindsco for a CDDTL license. The Hindsco application was received only after Charlie Hinds had been personally directed to cease making payday loans. On May 26, 2005, the Commissioner's Corporations Examiner expressly directed Charlie Hinds and his company Hindsco to cease deferred deposit business until a license was obtained. Both the Commissioner's communications on February 8 and May 26, 2005, explicitly informed Hindsco that it could not engage in the business of deferred deposit transactions unless and until he obtained a CDDTL license from the Commissioner.

- 7. In response to the June 8, 2005 application form submitted by Hindsco for a CDDTL license, the Commissioner sent to Hindsco on June 26, 2005, a deficiency letter regarding the application, and again notified Hindsco that a person cannot engage in the business of deferred deposit transactions after December 31, 2004, without a license from the Department.
- 8. During 2005 when the Commissioner's Corporations Examiners reviewed Hindsco's records, they found Hindsco made 1,473 deferred deposit transactions during the period from January 1, 2005 to June 11, 2005, and that Hindsco continued to engage in deferred deposit transaction business until at least July 12, 2005.
- 9. On July 12, 2005, Charlie Hinds admitted to the Commissioner's examiners that Hindsco continued to engage in the business of deferred deposit transactions over the Internet and at Hindsco's location in Santa Rosa, California, but claimed he misunderstood the directive from the Commissioner's examiner on May 26, 2005, to discontinue unlicensed CDDTL activity. The Commissioner examiners' review of Hindsco's deferred deposit transactions log reveals that from May 26, 2005 until June 11, 2005, Hindsco engaged in deferred deposit transactions that violated various statutory provisions of the CDDTL by charging excessive fees and limiting the rights of the borrowers to take actions against Hindsco.

10. No CDDTL license had ever been issued to Hindsco. Notwithstanding numerous notifications regarding the licensure requirement, Hindsco willfully and knowingly continues to engage in deferred deposit business without a license from the Commissioner.

By reason of the foregoing, Charlie Hinds, Hindsco, Inc., and Hindsco Inc. dba Cash Now Santa Rosa have engaged in the business of deferred deposit transactions without having first obtained a license from the Commissioner in violation of California Financial Code section 23005.

Pursuant to California Financial Code section 23050, Charlie Hinds, Hindsco, Inc., and Hindsco Inc. dba Cash Now Santa Rosa are hereby ordered to desist and refrain from engaging in the business of deferred deposit transactions in the State of California without first obtaining a license from the Commissioner, or otherwise being exempt. This Order is necessary, in the public interest, for the protection of consumers and is consistent with the purposes, policies and provisions of the California Deferred Deposit Transaction Law. This Order shall remain in full force and effect until further order of the Commissioner.

California Financial Code section 23050 provides in pertinent part:

Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner . . . the commissioner may order that person or licensee to desist and to refrain from engaging in the business If, within 30 days, after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded.

Dated: August 3, 2005 Los Angeles, California

> WAYNE STRUMPFER Acting California Corporations Commissioner

By_____ STEVEN C. THOMPSON Special Administrator California Deferred Deposit Transaction Law